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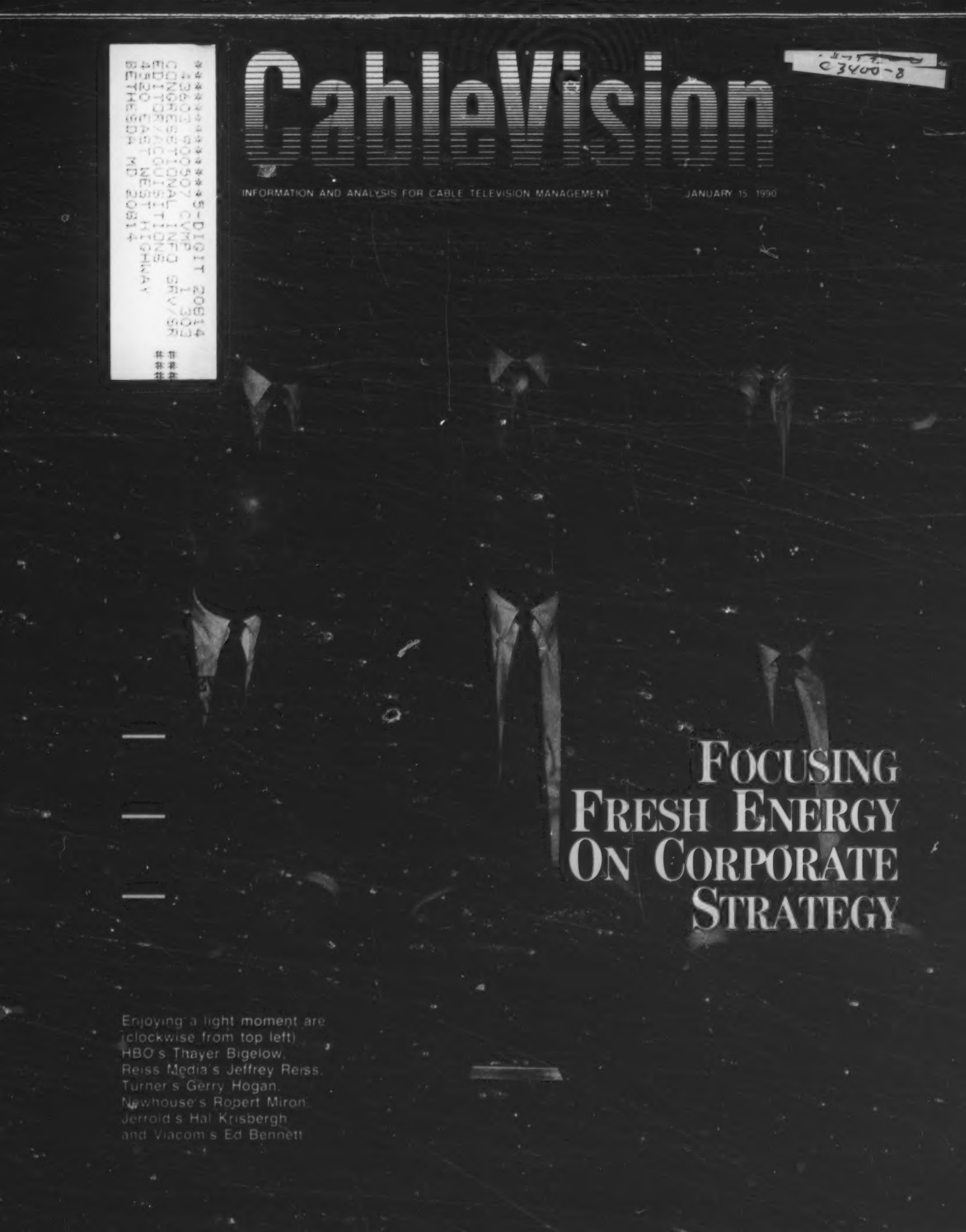
CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

JANUARY 15, 1990



FOCUSING FRESH ENERGY ON CORPORATE STRATEGY

Enjoying a light moment are (clockwise from top left) HBO's Thayer Bigelow, Reiss Media's Jeffrey Reiss, Turner's Gerry Hogan, Newhouse's Robert Miron, Jerrold's Hal Krisbergh and Viacom's Ed Bennett

CableVision

INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT — JANUARY 15, 1990

COVER STORY

30

Leadership Roundtable
To remain competitive, it's important that companies stay entrepreneurial, say executives during our top annual forum

NEWS

8

Big beef about syndex
It was quiet at many systems when syndex kicked in, but in California and other places, subs vented their anger

14

A $42 billion business
A new study estimates that cable will contribute $42 billion to U.S.

16

INTV still kicking cable
INTV has a new president, but the rhetoric remains mostly anti-cable

20

NCM gets a boost
Pizza Hut is likely to become the first corporate sponsor of Cable Month

ANALYSIS

22

Hockey's slow growth
SC America has reached 9 million subs, short of the 15-20 million universe projected

26

Good news in ad sales
Suzuki's decision to put all its ad budget in cable is a sign of improving times

54

Public access hangs tough
Advocates of PEG continue pushing the genre, but critics say they need more eyeballs

58

A good year for stocks
Despite a fourth-quarter pounding, most industry stocks posted solid gains in '89

HANDBOOK

The PPV billing challenge 49
Keeping it simple while enhancing ability to extract marketing data is today's test of PPV billing

Fill 'er up and charge it 50
A new credit card enables fleet managers to avoid delays and enhances security

Oklahoma adopts conduct code .53
The state association embraces standards for rate hikes and customer service

DEPARTMENTS

News 8
Programming 22
Marketing/Advertising 26
Management 30
Policy 54
Money 58
Calendar 68
People 71
Parting Words 76

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ABP BPA

NEWS

Cable will contribute $42 billion to nation's GNP this year, report says

By Craig Kuhl

The cable television industry will contribute nearly $42 billion to the gross national product in 1990, while directly or indirectly providing 561,000 jobs generating $18.2 billion in income, a new study reports.

The study, Impact '90, was commissioned by Daniels & Associates and compiled by Bortz & Co. of Denver. It reflects the economic impact of the cable industry on the U.S. economy in 1989.

The report added that cable operator revenues in 1990 are expected to be $17.3 billion while providing employment to 101,400 people (90 percent at the system level) for incomes totaling $2.8 billion.

Cable industry suppliers employ an additional 69,000 people in cable-related jobs with personal incomes totaling $2.4 billion, the report says, while cable operator expenditures on personnel and goods and services generate an additional 390,000 jobs.

In 1989, the report continued, direct cable operator employment increased by nearly 14,000 jobs over 1988 and by 24,000 jobs since 1986. Total cable-related employment increased by 27 percent, or 120,000 jobs, from 1986 to 1990, more than one percent of domestic employment increases since 1986.

The report also notes that nearly nine-tenths of today's cable subscribers have access to 30 or more channels and one-fifth of cable's subscribers can receive 54 or more channels. On a national basis, viewing of basic and pay cable programming has increased by more than 70 percent since 1983, the report said.

In the 1980s, the report continued, gross cable network advertising revenues grew from $50 million in 1980 to $1.65 billion anticipated in 1990. Cable construction investments in 1989, according to the report, vary widely, ranging from $1.7 billion to $2.3 billion.

Total 1990 cable program service revenues are expected to be $4.2 billion, an increase of 28 percent over 1988. Basic program network revenues should exceed $2.1 billion in 1990, a 41 percent increase over 1988 figures. The report went on to say that premium network revenues should grow modestly from $1.7 billion in 1988 to $1.9 billion in 1990. Pay-per-view services and event promoters are expected to see revenues in excess of $200 million, more than double the 1988 figure.

Direct 1990 cable operator employee compensation is estimated at $2.83 billion, including benefits. This represents approximately 16 percent of revenues and 29 percent of operating expenses.

Franchise fees, according to the report, totalled more than $4.7 billion during the 80's, with an increase of 10.8 percent since 1985.

Cable's philanthropic impact was detailed by the report as well. The industry's cash contributions to local and national non-profit organizations in 1988 and '89 totalled $32.2 million, and $131 million during the decade. ■

CABLE'S ECONOMIC IMPACT

System Revenues	$17.3 billion
System Jobs	101,400
Employee Income	$2.8 billion
Franchise Fees (1980-89)	$4.7 billion

U.S. agrees to let CNN go to Vietnam

By Richard Tedesco

Cable News Network has gained U.S. government clearance to transmit its signal to Vietnam. Approval from the Treasury and Commerce departments for the move apparently was prompted by a lawsuit Turner Broadcasting had filed against the Bush Administration challenging a directive by Treasury that transmitting to Vietnam would violate a U.S. trade embargo.

CNN dropped the suit when it gained the clearance to provide Vietnamese Television an earth station free of charge to receive the signal. CNN has agreed to sell the country rights to that reception for 50 Vietnamese dong a year, less than a penny.

Vietnam has been contributing videotaped material to CNN for its daily CNN World Report *for some time.* ■

Microband in Chapter 11

Microband has filed for Chapter 11 bankruptcy in U.S. District Court in New York to reorganize and restructure so that it may continue operating its wireless cable systems in New York, Detroit and Washington. Major creditors reportedly include HBO and Zenith. ■

It was a great year for stocks, despite a fourth-quarter pounding

◆◆◆◆◆

By Robert O'Brien

AN UNEVEN YEAR FOR MSO STOCKS

	PRICE 12/14/88	PRICE 12/14/89	CHANGE
Adelphia Communications	$20.00	$25.25	$ 5.25
Cablevision Systems	29.38	36.63	7.25
Century Communications	12.00	11.50	- .50
C-TEC Cable Systems	42.50	24.75	-17.75
Falcon Cable	19.25	18.30	- .75
Galaxy Cablevision	18.38	19.75	.97
TCA Cable	30.50	16.75	-14.62
Tele-Communications Inc.	24.25	16.38	- 7.87

Source: David Siegel, Shearson Lehman Hutton

Having ridden the crest of record performances through the first three quarters of 1989, cable stocks have tumbled in recent months, as Wall Street reacted to the prospects of reregulation by discounting investment opportunities in MSOs.

Cable stocks, paced by market leaders like Tele-Communications Inc.—off more than 20 percent from its high for the year—are down across the board.

The move comes at a time of great uncertainty. The broad market has tracked with volatility through the close of the year, dropping 200 points on Black Friday in October, but racing to a record 2,810 points on the first trading day of the new year.

On top of that, the bond market has virtually evaporated, winnowing media companies' sources of capital, and lessening the opportunities for the sort of deal-making that has fueled speculation and investor interest in those properties. The tightening, already occurring in broadcasting, threatens exit values in cable, and makes those publicly traded companies less attractive as asset plays.

Yet, experts say the news is not all gloomy. Most publicly traded cable companies have kept at least half of the gains made during their ascent last year. None has retreated even near their pre-boom lows, and discounts to private market value remain in line with traditional media assessments.

In fact, some analysts throughout the decline have continued to tout a number of media stocks. Time Warner Inc., on the verge of completing the back end of its combination, has been added to the recommended lists of a number of analysts. Companies like Jones Intercable and Cablevision Systems still look like good long-term buys, analysts say. More surprisingly, even some dark horses have emerged, such as Financial News Network, which at least one major house has added to its recommended list.

In all, analysts say, the downturn through the last quarter of the year is not surprising. Even without the political pressures, cable stocks may have been ripe for a hit.

Cable stock performance through the first three quarters of last year was spectacular. Not only did it rebound more quickly from the October mini-crash than most other groups of stocks, it seemed to thrive. An index of MSO stocks was up more than 45 percent through October, about twice the rise the industry had experienced through the same time in 1988.

Cable's success, in a sense, was working against itself. Says Ken Goldman, an analyst with Hanifen Imhoff, "Portfolio managers, often evaluated on calendar year performance, were clearly worried about how to protect their winnings, not about how to increase their returns. The mood was decidedly defensive going into November, especially since October was so rotten for most of them." These portfolio managers, Goldman adds, were waiting for an excuse to lighten their cable holdings. In mid-November, they got it.

The day before the Senate Communications Subcommittee was slated to begin its cable oversight hearings, Sen. John Danforth introduced legislation that would reverse many of the forces—especially the general deregulation of basic service rates—that helped drive the indus-

HARDWARE STOCKS POST SOLID GAINS

	PRICE 12/14/88	PRICE 12/14/89	CHANGE
Augat	$11.00	$13.00	$ 2.00
C-Cor Electronics	18.38	13.50	- 4.88
General Instrument	23.00	37.25	14.25
Oak Industries	.86	1.13	.27
Pioneer Electronics	55.50	82.75	27.25
Scientific-Atlanta	13.25	24.63	11.38
Wavetek	5.25	4.00	- 1.25

Source: David Siegel, Shearson Lehman Hutton

try's growth through the second half of the decade.

In addition, Danforth's bill struck at other measures deemed critical to the industry's success. Some, such as a cap on the percentage of the national subscriber universe that any single company could control, would effect only the largest companies; a cap at the 15 percent of total households that Danforth specified would be so high that it would, in practice, effect only TCI.

Yet, TCI, as the industry's largest MSO and a powerful influence on industry-wide practices, is seen as a bellwether for the fortunes of all cable companies. When TCI's stock slid more than 20 percent in six weeks, the rest of the industry slid with it.

Another feature of the bill would aim to curb the degree of vertical integration, a phenomenon seen as key to the continuing prosperity of the industry. Curtailing the marriage of production and distribution could be div[illegible], experts agree. Depending on how such proscriptions are structured, they could either attempt to undo existing verticality—i.e., Time Warner—which seems unlikely, or they could freeze the industry at its current state.

The latter would have serious repercussions throughout the industry. Much of the activity among top-echelon media companies has been driven by a determination to achieve parity with Time Warner. Asked two months ago why TCI agreed finally to buy into Showtime Networks Inc. after two years of negotiations, a key TCI executive said "Because of Time Warner."

Other deals driven by a quest for verticality are still out there. MGM/UA seems more likely to fall into the hands of a consortium of cable operators and programmers than to even the Japanese.

Danforth's proposal sent off shockwaves up and down Wall Street, despite the fact that few of the initiatives outlined in his legislative proposal reflected any innovation in congressional thinking.

Despite these shortcomings, Wall Street's perceptions of cable were being re-tooled. A spate of press accounts trumpeted the likelihood of reregulation. One of a number of stories in the *Wall Street Journal* handicapping the prospects for legislation hit particularly hard, coming as it did on the opening day of the Western Cable Show.

Shortly after the oversight hearings, Shearson Lehman Hutton analysts reported that they were "changing our near-term focus of potential regulation of the cable industry." Despite reasoned moderation over the prospects and timing of legislation, and even noting an upside to the industry's ability to pilot its destiny in the wake of legislative reforms, Shearson analysts said, "The result of valuations would assume that a subscriber today is worth only the greater of $2,200 or 12 times cash flow, rather than the greater of $2,500 a sub level or 15 times cash flow."

Cable stocks took the hit hard. By the end of November, Comcast stock had lost 20 percent of its year's high, Century dipped to 12 after previously trading as high as 17, and TCI, at 17, was trading precipitously close to a new low for the year.

Others were hit harder. Companies like Adelphia Communications and TCA Cable TV, previously the darlings of Wall Street bulls, lost the patina of comers, and saw their stocks slide as portfolio managers retrenched.

Through the close of the year, the prospects for the industry began to brighten moderately. The market itself recognized that Wall Street had exaggerated the threats of new legislation. Industry leaders not only stopped their slide, but managed to recapture some of their earlier momentum.

At year-end, Comcast had picked up more than a point, and was trading at 16 3/4. Jones was back up over 15; TCI close to 18; Cablevision Systems over 37. All had been gainers. The momentum continued through the bull market that opened this year. Comcast jumped out at 17 3/8; Jones to 15 7/8; TCI all the way to 18 3/8.

Says Hanifen's Goldman, "We believe that cable stocks will outperform the broader market once again in 1990, although such outperformance may not be as convincing as it has been historically."

What might change is a reversal of the industry's traditional tendencies. Where usually MSO stocks surge through the first half of the year and depress through the second, continued political upheaval could hold those stocks in check through the first half of the year. As the political process reveals itself through mid-year, that pressure is expected to alleviate, and the industry's traditional momentum can be expected to accelerate.

Whatever the short-term prospects for MSOs, the climate does seem to favor long-term investors. Industry fundamentals remain strong. Studies have predicted that revenues will grow by 10 percent next year. The downside is that those figures show less growth than in previous years, and presume a stronger contribution than ever from ancillary sources like advertising and pay-per-view.

Those same presumptions, however, make the prospects of cable networks look even brighter. Duel revenue streams of advertising and carriage fees, bolstered by the continued inroads cable is making on viewership shares, are expected to continue to drive the impressive appreciation of publicly traded cable programmers that began last year.

Stock Market

EXCH	COMPANY	CLOSING QUOTE 12/14/96	CLOSING QUOTE 01/03/96	NET CHANGE IN PERIOD	PERCENT CHANGE IN PERIOD	P/E RATIO	ANNUAL DIV	ANNUAL YLD%	EARNINGS PER SHARE	52 WEEK HIGH	52 WEEK LOW
MSOs & PROGRAMMERS											
ASE	ACTON	16.00	14.25	-1.75	-10.94	71	0.00	—	0.20	24.13	11.00
OTC	ADELPHIA COMM.	25.25	25.50	0.25	0.99	—	0.00	—		28.50	8.50
OTC	AMERICAN TELE & COMM.	43.25	43.25	0.00	0.00	—	0.00	—		56.25	25.25
ASE	CABLEVISION SYS (a)	36.63	37.50	0.87	2.38	—	0.00	—		47.25	29.75
OTC	C-TEC CORP	24.75	24.50	-0.25	-1.01	10	0.00	—	2.49	30.00	13.00
ASE	CENTURY COMMUNICATIONS	11.50	12.75	1.25	10.87	—	0.00	—		16.63	8.00
OTC	COMCAST	16.13	17.38	1.25	7.75	—	0.12	0.69		19.88	9.25
NYS	DISNEY	130.75	115.50	-15.25	-11.66	27	0.48	0.42	4.35	136.25	64.88
ASE	FALCON(L)	18.50	17.88	-0.62	-3.35	—	2.12	11.86		22.13	17.88
OTC	FINANCIAL NEWS NET.	7.00	6.88	-0.12	-1.71	30	0.00	—	0.23	10.50	5.13
ASE	GALAXY	19.75	19.25	-0.50	-2.53	64	1.30	6.75	0.30	23.25	17.00
ASE	HOME SHOPPING NETWORK(H)	7.63	7.50	-0.13	-1.70	31	0.00	—	0.24	7.50	3.00
OTC	JONES INTERCABLE	15.75	15.88	0.13	0.83	—	0.00	—		20.88	12.13
ASE	JONES INTERCABLE INV	13.88	13.25	-0.63	-4.54	14	1.60	12.08	0.95	15.63	12.75
NYS	KNIGHT-RIDDER INC	54.50	57.75	3.25	5.96	23	1.22	2.11	2.46	58.38	42.88
NYS	MCA	66.88	64.13	-2.75	-4.11	28	0.68	1.06	2.28	71.38	45.38
OTC	MEDIA GENERAL(L)	31.75	31.38	-0.37	-1.17	18	0.40	1.27	1.74	40.50	31.38
OTC	MULTIMEDIA	87.50	95.00	7.50	8.57	75	0.00	—	1.27	108.00	69.00
OTC	NOSTALGIA CHANNEL	2.13	2.00	-0.13	-6.10	—	0.00	—		6.00	0.50
ASE	NEW YORK TIMES	26.25	27.50	1.25	4.76	14	0.48	1.75	2.02	34.75	24.38
ASE	PHOENIX AMERICAN	3.75	3.50	-0.25	-6.67	7	0.00	—	0.52	4.75	2.50
NYS	PLAYBOY ENTERPRISES	16.50	16.25	-1.25	-7.58	102	0.00	—	0.16	18.38	12.13
OTC	QVC	15.88	17.25	1.37	8.63	—	0.10	0.58		21.25	8.00
OTC	SCRIPPS HOWARD BRDCST	67.00	67.00	0.00	0.00	—	1.00	1.49		85.00	57.50
OTC	TCA CABLE TV	16.75	17.25	0.50	2.99	34	0.40	2.32	0.51	21.38	15.38
OTC	TELE-COMMUNICATIONS	16.38	18.38	2.00	12.21	—	0.00	—		24.61	12.63
NYS	TIME INC.	125.00	124.00	-1.00	-0.80	25	1.00	0.81	4.98	182.75	103.63
NYS	TIMES MIRROR	38.00	37.38	1.38	3.83	15	1.00	2.68	2.53	46.00	32.38
NYS	TRIBUNE CO.	46.50	47.75	1.25	2.68	17	0.88	1.84	2.86	63.13	36.38
ASE	TURNER BROADCASTING	54.13	51.13	-3.00	-5.54	—	0.00	—		60.75	17.00
OTC	UNITED ARTISTS ENTER.	18.63	19.00	0.37	1.99	32	0.00	—	0.59	23.75	17.25
ASE	VIACOM	59.50	58.50	-1.00	-1.68	—	0.00	—		65.25	39.50
ASE	VIDEO JUKEBOX(H)	6.50	8.75	2.25	34.62	—	0.00	—		8.75	2.63
NYS	WARNER COMM.	61.50	64.50	3.00	4.88	24	0.88	1.05	2.66	67.88	35.63
OTC	WASHINGTON POST BRDCST	273.00	282.50	9.50	3.48	12	1.88	0.66	24.52	308.00	204.00
OTC	WESTMARC(H)	31.00	32.13	1.13	3.65	41	0.00	—	0.79	32.13	17.00
SERVICE & FINANCIAL COMPANIES											
OTC	BURNUP & SIMS(L)	17.38	16.50	-0.88	-5.06	36	0.00	—	0.46	24.63	16.50
NYS	CAPITAL CITIES (H)	547.00	568.50	21.50	3.93	25	0.20	0.04	22.48	568.50	353.00
NYS	PARAMOUNT	50.63	50.88	0.25	0.49	18	1.40	2.75	2.86	66.38	39.50
MANUFACTURERS & DISTRIBUTORS											
OTC	ARTEL	6.63	7.00	0.37	5.58	—	0.00	—		8.13	1.50
NYS	ARVIN	16.63	16.63	0.00	0.00	11	0.68	4.35	1.41	29.75	14.63
NYS	AUGAT	6.90	7.00	0.50	7.69	12	0.40	5.71	0.57	9.25	5.50
OTC	CABLE EXCHANGE	0.38	0.50	0.12	31.58	—	0.00	—		5.38	0.38
OTC	C-COR ELECTRONICS	13.50	12.75	-0.75	-5.56	21	0.00	—	0.60	17.50	9.75
NYS	CONTEL CORP.	33.50	34.75	1.25	3.73	69	2.20	6.33	0.56	36.75	19.88
OTC	GANDALF TECH.	4.88	5.13	0.25	5.12	9	0.00	—	0.64	6.63	3.88
NYS	GENERAL INSTRUMENT(H)	37.25	41.38	4.13	11.09	16	0.50	1.21	2.56	41.38	25.25
OTC	GRAPHIC SCANNING	10.00	10.50	0.50	5.00	8	0.00	—	1.24	12.00	6.38
NYS	HARRIS CORP.	34.63	35.00	0.37	1.07	13	0.88	2.51	2.74	39.50	25.63
NYS	M/A-COM (L)	5.00	5.25	0.25	5.00	10	0.24	4.57	0.53	9.25	5.25
NYS	OAK INDUSTRIES	1.13	1.13	0.00	0.00	9	0.00	—	0.12	1.75	0.75
ASE	PICO PRODUCTS	1.63	1.38	-0.25	-15.34	—	0.00	—		2.75	0.63
NYS	PIONEER ELECTRONICS	82.75	86.00	3.25	3.93	59	0.19	0.21	1.47	86.63	46.50
OTC	RADIATION SYSTEMS	11.75	12.25	0.50	4.26	17	0.10	0.82	0.73	12.25	8.50
NYS	SCIENTIFIC-ATLANTA	24.63	24.38	-0.25	-1.02	17	0.12	0.49	1.41	24.75	12.63
OTC	WEGENER	2.50	2.75	0.25	10.00	275	0.00	—	0.01	4.75	2.50
NYS	TEKTRONIX	16.88	18.13	1.25	7.41	101	0.80	3.31	0.18	24.25	16.75
NYS	VARIAN ASSOCIATES	21.88	21.88	0.00	0.00	10	0.28	1.19	2.23	30.63	19.88
OTC	WAVETEK(L)	4.00	3.88	-0.12	-3.00	—	0.00	—		6.25	3.88

MARKET DIARY:

ADVANCES	33
DECLINES	21
UNCHANGED	10
NEW HIGHS	3
NEW LOWS	5

LARGEST DOLLAR GAINER	Capital Cities +$21.50
LARGEST DOLLAR LOSER	Disney −$15.25
LARGEST PERCENTAGE GAINER	Video Jukebox +34.62%
LARGEST PERCENTAGE LOSER	Pico Products −15.34%

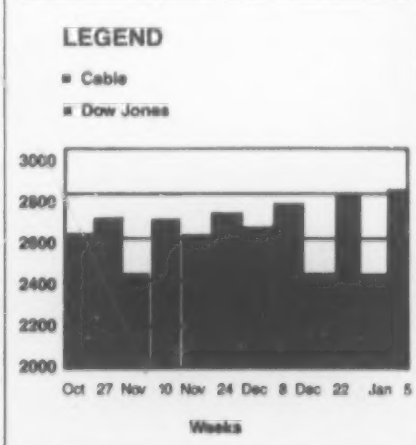
(H) = NEW HIGH IN PERIOD
(L) = NEW LOW IN PERIOD
(d) = DEFICIT
(a) = reflects stock split

ALL OTC QUOTES ARE REPRESENTED BY THE BID PRICE

Provided by David J. Siegel, Shearson Lehman Hutton, Inc (201) 338-6211, (800) 922-2639. The information contained in this report has been taken from trade and statistical services and other sources which we deem reliable. We do not represent that it is accurate or complete. The information is subject to change.

* Shearson Lehman Hutton, Incorporated was manager or co-manager of a public offering of this issuer or one of its subsidiaries.

CableVision Stock Index



TURNER LEADS BULLISH YEAR FOR PROGRAMMERS

	PRICE 12/14/88	PRICE 12/14/89	CHANGE
Financial News Network	$ 5.25	$ 7.00	$1.75
Home Shopping Network	4.75	7.63	2.88
Nostalgia Channel	.63	2.13	1.50
QVC Network	8.63	15.88	7.25
Turner Broadcasting	15.63	54.13	38.50
Video Jukebox Network	1.00	6.50	5.50

Source: David Siegel, Sheerson Lehman Hutton

Valuing cable networks always has been problematic for the industry. Strong performers can be measured according to some calibration of ad shares combined with carriage fees. A handful of strong performers can be assessed, and in some limited cases, this has been accomplished.

RJR Nabisco, for example, is said to be shopping its 20 percent stake in ESPN for an asking price of $250 million. At that level, ESPN is worth as much as $23 per home.

Even this assessment is complicated by an inability to accurately predict cost increases. ESPN now faces the prospect of an enormous increase as it renegotiates its contract for National Football League games. Recent sports programming contracts, including both professional and collegiate basketball, have jumped as much as three-fold on an annual cost basis. ESPN faces increases of at least that magnitude, as well as some premium to successfully battle what's likely to be increased competition for the cable component of the contract.

To compensate, networks are hoping to increase their profile among advertisers. According to industry statistics, national cable advertising is expected to grow from about $1.3 billion in 1989 to as much as $4 billion by 1994. Part of that growth will be fueled by cable's growth in viewers, a trend that is the natural result of continued erosion of broadcaster's viewership share, a moderate increase in penetration, and the expansion of operators' channel capacity as new technologies make 54-and 60-channel systems operable.

These prospects bolstered the fortunes of programmers' stocks through the end of 1989.

The star of the group was Turner, which was trading in the mid-teens at the close of 1988, but skyrocketed as high as $60 a share before waning

This notice appears as a matter of record only.
November, 1989

SONIC
CABLE TELEVISION
OF UTAH

has acquired the assets of

JWB CABLE COMPANY

serving 12,837 basic subscribers
and passing 19,259 homes in
Logan and Cache County, Utah

The undersigned initiated this transaction,
served as financial advisor to JWB Cable Company
and assisted in the negotiations.

Andrew J. Armstrong, Jr.
President

Thomas M. Grimes
Vice President

WALLER CAPITAL
CORPORATION

30 Rockefeller Plaza
Suite 4350
New York, NY 10112
(212)632-3600

slightly. It closed 1989 trading at almost $50.

Other programmers are expected to pick up through 1990. Companies like FNN are being touted as "comers" by some analysts who see their ultimate asset value as much as $15 a share, while its stock is trading as low as $7. Services like Nostalgia Channel have had stock prices fluctuate from less than $1 a share to $8 a share, based on the prospects of a buyout. Some, like Video Jukebox, jumped to new highs in 1989—closing the year at $6.50—based primarily on the prospects of operations alone.

Meanwhile, the sterling performers in the industry have been hardware companies. With rebuilds and technological advances priming new capital equipment needs, manufacturers have climbed steadily from the languid market for hardware that bottomed out in 1988.

Both Scientific-Atlanta and General Instrument took the opportunity of those depressed markets to restructure and both chose to focus on broadband equipment.

Both had bet right when 1989 proved to be a boom year. GI, which also has benefited from the company's repurchase of 20 percent of its outstanding stock, has seen its stock rise steadily. After starting 1989 at about $25 a share, GI jumped to $33 last summer. It opened 1990 at over $41 a share.

Similarly, S-A has outperformed the broader market. After trading as low as $12 a share at year-end 1988, it picked up briskly, and now trades at more than $24 a share.

The question mark among manufacturers is Zenith, which last year suffered a run on the company. Though management beat back the initiative, it was forced to restructure, paring off other divisions, including its computer operations, which recently sold for $500 million. Its stock has traded at $13 a share, about 50 percent below its high point in the year, although the prospects for new markets for consumer electronics, particularly in Eastern Europe, may help its return, experts say. ■

Bill Daniels wanted to give his personal friends a special Christmas message. So each of his cards extolled the benefits of giving to the less fortunate, along with the message that, instead of a gift, $50,000 was being donated in their names to Holy Ghost Church in Denver. ■

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The CABLE POLL DATABASE

©Midwest CATV & CableVision Magazine

How much do you know about Cable Labs? If you're a large operator, probably a lot

About a year after it set up shop in Boulder, Colo., the industry's R&D consortium, Cable Labs, has made progress on several fronts. It has assembled a large, capable staff, launched several research projects and has established a firm financial footing with a $6.5 million budget approved for the coming year.

But according to data from the Cable Poll™, general knowledge of Cable Labs and its activities remains quite low throughout the industry, especially at smaller systems. On the other hand, at larger systems and among the Top 25 MSOs, knowledge of Cable Labs is much higher. For example, barely a quarter of those surveyed at cable systems with fewer than 10,000 subscribers said they had heard or read "a lot" or "some" about Cable Labs. But at systems with more than 50,000 subscribers, more than half said they were generally aware of the consortium's activities, according to an analysis of the responses from nearly 400 system management personnel, mainly general managers, system managers and vice presidents of operations and engineering.

Number 9 in a series of ten

And 60 percent of all respondents said they had heard or read "very little" or "nothing" about Cable Labs. That lack of general knowledge about the consortium rises at smaller systems to 69 percent but declines among larger systems to 45 percent.

The broader knowledge of Cable Labs among the larger systems, which typically are owned by the larger MSOs, apparently is because it is the top MSOs which were the initial financial backers of the consortium. Among Cable Labs' early supporters were Tele-Communications Inc., ATC, Comcast, Cox, Jones and other larger companies.

Dick Green, president of Cable Labs, noted in commenting on the data that the results generally tracked results of internal surveys he has seen, but he pointed out that the poll was taken at a time when Cable Labs was still in its "administrative stage of development" and before the consortium made several announcements late in the year.

"Last year was our first full year of operation," Green said, "and August was sort of a midpoint because we had just moved to Boulder and we had assembled a staff, but they had just moved to Colorado. In a lot of ways that was the beginning of our year.

"What we have seen is sort of the same things as in the (Cable Poll™), that the knowledge of Cable Labs has been gradually increasing over the last year. We have had an explosion in the last part of the year." Those events, he noted, included announcements of two joint ventures—a test process with Jerrold's Applied Media Lab on NTSC picture quality and cooperation with Scientific-Atlanta on future headend systems development. Last month Cable Labs also said it would take an equity position in Dick Leghorn's Eidak Corp., developer of the Copyguard system to deter unauthorized taping of pay-per-view events. All three developments attracted significant public notice at year-end.

"So the first part of last year was administrative for us, which didn't attract a lot of attention," Green added. "But our public exposure, the contributions we have made to the industry, has increased since then."

Green said he was somewhat concerned about the apparent low level of knowledge about Cable Labs among smaller operators, who he said "are very important to us. This tells me that we need to do more to reach out to them." But he said that a major program already is in development that should be of interest to smaller systems. "In our program fund for 1990, we have a program called Optimized System Operations, which is one of our major programs, and it focuses on the immediate need of operations at all levels, but the small systems as well. (It will focus on) what's happening with F-connectors, power supplies, the day-to-day operational concerns. As we begin to implement that program, which impacts day-to-day operations, I hope that will be addressing the needs of the smaller operators."

He also noted that Cable Labs is working to enlist engineering people at smaller systems to serve on the consortium's Technical Advisory Committee.

Another clear distinction between smaller and larger operators appears when they are asked what, in their opinion, Cable Labs should concentrate on. The Cable Poll™ asked respondents if they believed that the primary focus of Cable Labs should be on new technology, such as fiber optics and high-definition TV, or on improving existing coaxial-based tree-and-branch technology.

Among systems with fewer than 10,000 subscribers, the edge fell to existing technology over new technology by a narrow margin, 41 percent to 35 percent. But at systems with more than 50,000 subscribers, that was reversed by a wide margin. There, system management personnel favored a focus on new technol-

ogy by 55 percent to 27 percent. Generally, about 20 percent of respondents expressed no preference in all sample categories.

That pattern holds almost exactly when considering responses according to the size of MSO ownership, with companies outside the Top 100 favoring a focus on existing technology and the Top 25 MSOs favoring new technology.

Green emphasized that research programs planned for the next year or two "are structured to focus on both." The Optimized System Operations program mentioned above "focuses on solving the big problems in current architectures," Green said, with an eye toward overcoming limitations in standard tree-and-branch architectures.

To explore new technology, Cable Labs has launched another research program called Advanced Network Development, which Green termed "a longer-term look at networks of the future."

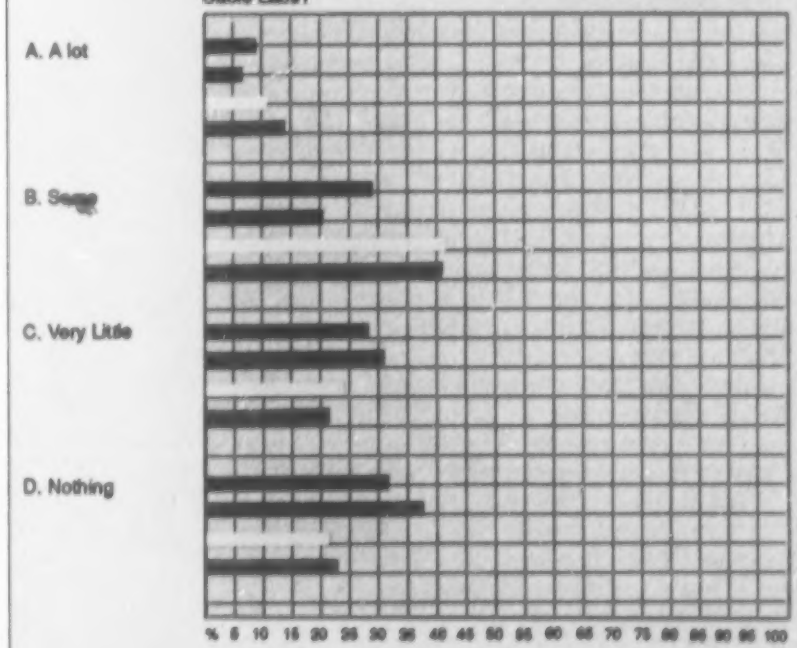
Green said these two programs—one to improve existing technology and the other to explore new technology—"are parallel" and are supported by roughly equal funding with roughly equal staffing commitments. "We found the same thing in talking to our members, that they were interested in both."

As Cable Labs enters 1990, Green said the consortium is "particularly interested in how the industry sees the future, where they think things are headed, what they think long-term strategy should be" so that Cable Labs can provide research to fill those needs.

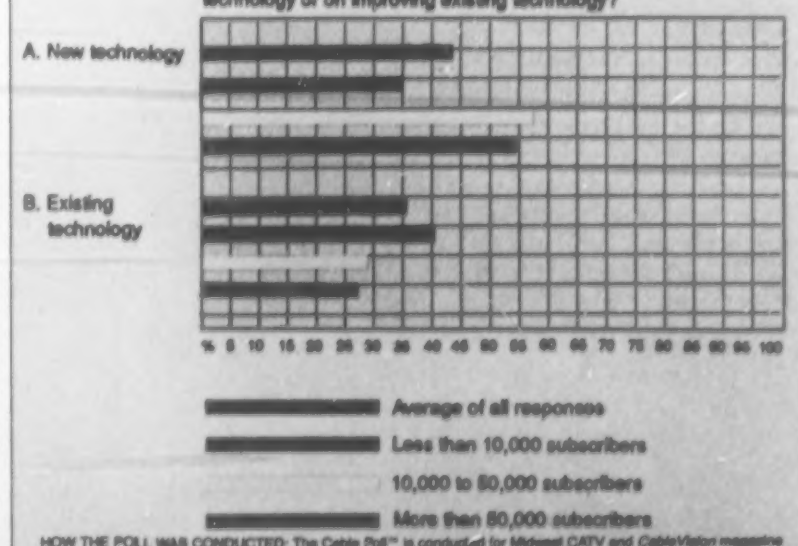
As one example of an effort to further inform the industry of Cable Labs' activities, Green pointed out that its internal publication, *Specs*, now is being sent out to a far wider readership. ■

Adding up your answers:

1. How much have you read or heard about the development of Cable Labs?



2. Do you think Cable Labs' primary focus should be on new technology or on improving existing technology?


A. New technology
B. Existing technology
% 5 10 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100
Average of all responses
Less than 10,000 subscribers
10,000 to 50,000 subscribers
More than 50,000 subscribers

HOW THE POLL WAS CONDUCTED: The Cable Poll™ is conducted for *Midwest CATV* and *CableVision* magazine by Ryan/Semplex Research Inc. Telephone interviews for this edition of the poll were conducted Aug. 14-18 with a random sample of 387 system management personnel obtained from Cable*File Research. Cable Poll™ researchers are 95 percent confident that the results are an accurate reflection of the total industry within plus or minus 5 percentage points.

DATABASE

Subscriber Count

Satellite national services

Basic services	Affiliates	Subscribers
ACTS Satellite Network	387	9,600,000
Akamai View Network	300	4,500,000
Arts & Entertainment Network (A&E)	4,600	42,000,000
Black Entertainment Television	1,900	24,218,000
CNBC	750	13,000,000
Cable News Network	12,177	52,600,000
Cable Value Network	1,000	23,300,000
C-SPAN	3,341	47,500,000
C-SPAN II	649	19,300,000
The Comedy Channel	N.A.	4,500,000
Country Music Television	1,092	9,124,974
The Discovery Channel	5,324	44,090,000
Eco/Galavision	300	1,000,000
ESPN	20,500*	53,400,000
Eternal Word Television Network	300	13,300,000
The Family Channel	8,424	47,000,000
Family Guide Network	60	4,500,000
FamilyNet	300	3,500,000
Financial News Network	3,500	32,000,000
FNN Sports	1,600	20,000,000
Headline News	4,643	39,400,000
Home Shopping Network	1,488	16,928,895
Home Shopping Network II	384	6,796,525
The Inspirational Network	900	9,500,000
International Television Network	25	7,868,900
J.C. Penney TV Shopping Channel	119	5,100,000
KTVT	417	3,600,000
The Learning Channel	1,150	19,000,000
Lifetime	3,880	44,177,000
Mind Extension University	156	8,000,000
MTV	5,605	47,137,000
Movietime	447	14,000,000
The Nashville Network	8,310	45,923,000
National College Television	300	6,569,228
Nick At Nite	3,640	39,600,000
Nickelodeon	6,660	47,183,000
The Nostalgia Channel	421	8,000,000
Prevue Guide	400	12,000,000
QVC Network	1,000	14,100,000
RFD TV	30	2,182,190
Silent Network	189	13,600,000
SportsChannel America**	N.A.	1,500,000
TBS Superstation	13,013	51,000,000
Telemundo***	5	100,000
TNT	3,096	33,400,000
The Travel Channel	659	11,000,000
Trinity Broadcasting Network	725	9,100,000
Univision***	500	509,500
USA Network	10,100	50,800,000
VH-1	3,080	34,600,000
Vision Interfaith Satellite Network	315	6,200,000
The Weather Channel	3,700	39,200,000
WGN-TV	11,415	24,900,000
WWOR-TV	2,660	12,500,000
WPIX-TV	858	9,678,474
WSBK-TV	57	350,000

Basic/pay services		
American Movie Classics	1,700	24,600,000
Bravo	375	5,000,000

Pay services		
Cinemax	3,600	6,600,000
The Disney Channel	5,700	4,337,300
Home Box Office	7,400	17,000,000
The Movie Channel	3,250	2,700,000
Showtime	6,000	6,600,000
Tuxedo Network	25	20,000

Audio services		
ARI Lifestyle	142	2,579,810
ARI StarTracks Vocal Hits	26	854,300
C-SPAN Audio Network	8	548,100
C-SPAN Audio Network II	4	440,700
Cable Radio Network	62	2,300,000
Galactic Radio	165	4,300,000
HERO Super Jam	10	133,439
Moody Bible Institute	63	1,058,362
Satellite Radio Network	237	483,999
Tempo Sound	125	1,250,005
WFMT Chicago	170	1,259,804

Text services		
AP News Cable	105	2,500,000
AP Business Plus	54	1,400,000
AP News Plus	75	2,100,360
Cable Sports Tracker	41	875,000
EPG	280	6,800,000
EPG Jr.	330	308,000
Genesis Storytime	39	1,550,000
Reuters NewsView	127	2,437,000

Computer services		
DBC/MarketWatch	462	9,200,000
X*Press Executive	487	14,000
X*Press X*Change	487	14,000

Non satellite-fed national services

Basic services	Affiliates	Subscribers
Cable Video Entertainment	190	18,000,000
Consumer Classified Ad Network	3	195,000
Fuji Network	3	12,000
Vector Consumer Shopping Guide	9	325,000

Pay services		
Nippon Golden Network	5	13,600

Cross-channel promotion services		
Nuffer	251	10,897,742

Interactive services

Basic services	Affiliates	Subscribers
Video Jukebox Network	40	4,000,000

Regional services

Basic services	Affiliates	Subscribers
Arizona Sports Programming Network	N.A.	210,000
Atlanta Interfaith	7	160,000
Bay Area Religious Channel	6	113,000
Cable TV Network of New Jersey	34	1,396,451
The Ecumenical Channel	9	170,000
KBL Entertainment Network	67	1,200,000
Life Newsvision	35	50,000
Madison Square Garden Network	140	3,400,000
Meadows Racing Network	14	400,000
News 12 Long Island	4	594,000
Midwest Sports Channel	90	275,000
Niagara Frontier Sports Network	13	800,000
Northwest Cable Sports Network	3	700,000
Pacific Sports Network (new)	N.A.	N.A.
Panorama	28	750,000
Prime Cable	9	381,930
Prime Sports Network	11	300,000
Prime Ticket	165	3,000,000
SportsChannel (Chicago)	50	1,507,270
SportsChannel (Ohio)	2	280,000
Sunshine Network	200	2,000,000

Pay services		
Home Sports Entertainment	230	1,600,000
Home Team Sports	125	1,200,000
New England Sports Network	171	317,291
Prism	87	427,000
Pro-Am Sports	175	525,000
SportsChannel (Florida)	22	650,000
SportsChannel (Los Angeles)	76	125,000
SportsChannel (New England)	154	1,025,431
SportsChannel (New York)	160	1,300,000

Note: Figures for affiliate/subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Cable Sizes, 345 Park Avenue South, 9th Floor, New York, NY 10010.
N/A denotes information not available.
*Includes MMDS and SMATV systems. **Count represents standalone affiliates/subscribers; portions of SC America are carried on Home Team Sports and the SportsChannel family of regional services. ***Spanish-speaking households.

Announced services

Satellite-fed services	Expected launch
American Theatre Network	1st Quarter 1990
The Arts Network	1st Quarter 1990
Cable Shopping Mall (QVC/QVN II)	1990
Circus Channel Network	1990
CDMA: The Digital Music Network	4th Quarter 1990
Cowboy TV Network	1990
Digital Cable Radio	1990
Digital Radio Channel	1990
The Gaming Network	1990
The Global Channel	1st Quarter 1990
Global Village Network	2nd Quarter 1990
H&I TV Comedy Network (HITV)	1990
The Hot-To Channel	2nd Quarter 1990
Madison Entertainment Network	1990
Make Space Voice Network	1990
Music Image Channel	1990
The Sci-Fi Channel	4th Quarter 1990
The Spoke Channel	1990
Tele Television	1990

Non satellite-fed service	Expected launch
ACTV	1st Quarter 1990
Mini Screen	1990
On Demand/TV TV Network	1990

DATABASE

Pay-Per-View Supply Chart

January	Source
The Adventures Of Baron Munchausen	Columbia
MPAA Rating: PG — Running Time: 126 mins.	
Cast: John Neville, Eric Idle, Robin Williams	
Checking Out	Warner Bros.
MPAA Rating: R — Running Time: 96 mins.	
Cast: Jeff Daniels, Melanie Mayron, Michael Tucker	
84 Charlie Mopic	New Century/Vista
MPAA Rating: R — Running Time: 95 mins.	
Cast: Richard Brooks, Christopher Burgard, Nicholas Cascone	
How To Get Ahead In Advertising	Warner Bros.
MPAA Rating: R — Running Time: 96 mins.	
Cast: Richard Grant, Rachel Ward	
Lost Angels	Orion
MPAA Rating: R — Running Time: 116 mins.	
Cast: Donald Sutherland, Adam Horovitz, Amy Locane	
Loverboy	Columbia
MPAA Rating: PG-13 — Running Time: 99 mins.	
Cast: Patrick Dempsey, Kirstie Alley, Barbara Carrera, Kate Jackson	
Renegades	Universal
MPAA Rating: R — Running Time: 106 mins.	
Cast: Kiefer Sutherland, Lou Diamond Phillips	
976-Evil	IEG
MPAA Rating: R — Running Time: 93 mins.	
Cast: Stephen Geoffreys, Sandy Dennis	
1969	IEG
MPAA Rating: R — Running Time: 90 mins.	
Cast: Robert Downey, Jr., Kiefer Sutherland, Bruce Dern, Mariette Hartley	
The Rachel Papers	MGM/UA
MPAA Rating: R — Running Time: 94 mins.	
Cast: Dexter Fletcher, James Spader, Ione Skye, Jonathon Pryce	
Road House	MGM/UA
MPAA Rating: RG — Running Time: 114 mins.	
Cast: Patrick Swayze, Ben Gazzara, Sam Elliott, Kelly Lynch	
See No Evil, Hear No Evil	Columbia
MPAA Rating: R — Running Time: 102 mins.	
Cast: Richard Pryor, Gene Wilder	
When Harry Met Sally	Viacom
MPAA Rating: R — Running Time: 97 mins.	
Cast: Billy Crystal, Meg Ryan	
Who Framed Roger Rabbit?	Disney
MPAA Rating: PG — Running Time: 104 mins.	
Cast: Bob Hoskins, Christopher Lloyd, Joanna Cassidy	

February	Source
Do The Right Thing	Universal
MPAA Rating: R — Running Time: 120 mins.	
Cast: Danny Aiello, Ossie Davis, Ruby Dee, Spike Lee	
Great Balls Of Fire	Orion
MPAA Rating: PG-13 — Running Time: 108 mins.	
Cast: Dennis Quaid, Winona Ryder	
The Karate Kid Part III	Columbia
MPAA Rating: PG — Running Time: 113 mins.	
Cast: Ralph Macchio, Pat Morita, Robyn Lively	
Lock Up	Orbis
MPAA Rating: R — Running Time: 109 mins.	
Cast: Sylvester Stallone, Donald Sutherland, John Amos	
New York Stories	Touchstone
MPAA Rating: PG — Running Time: 125 mins.	
Cast: Nick Nolte, Rosanna Arquette, Giancarlo Giannini, Woody Allen, Mia Farrow	
Pink Cadillac	Warner Bros.
MPAA Rating: PG-13 — Running Time: 122 mins.	
Cast: Clint Eastwood, Bernadette Peters	
Star Trek V: The Final Frontier	Paramount
MPAA Rating: PG — Running Time: 107 mins.	
Cast: William Shatner, Leonard Nimoy	
Turner & Hooch	Touchstone
MPAA Rating: PG — Running Time: 100 mins.	
Cast: Tom Hanks, Mare Winningham, Craig T. Nelson	
Uncle Buck	Universal
MPAA Rating: PG — Running Time: 100 mins.	
Cast: John Candy, Amy Madigan	

Note: Running times are approximate.
NR indicates film not rated by MPAA.
* Unavailable at presstime.
Film information provided to *Cablevision* by distributors.

TV Household Profile

	ADULTS IN TV HOUSEHOLDS	%	MEN IN TV HOMES	%	WOMEN IN TV HOMES	%
TOTAL U.S. POPULATION	179,747,000	100	85,716,000	100	94,031,000	100
BASIC CABLE	96,567,000	53.7	46,902,000	54.7	49,665,000	52.8
PAY CABLE	52,370,000	29.1	26,730,000	31.2	25,640,000	27.3

MEDIAN AGE	TOTAL	MEN	WOMEN
ALL HOMES	40.8	39.8	41.7
BASIC CABLE	40.3	39.7	41.0
PAY CABLE	37.4	36.8	37.9

MEDIAN HOUSEHOLD INCOME	TOTAL	MEN	WOMEN
ALL HOMES	$31,628	$33,612	$29,631
BASIC CABLE	36,128	38,357	33,730
PAY CABLE	39,040	40,971	36,900

Source: Mediamark Research, estimates as of 9/89